DOCUMENT RESUME

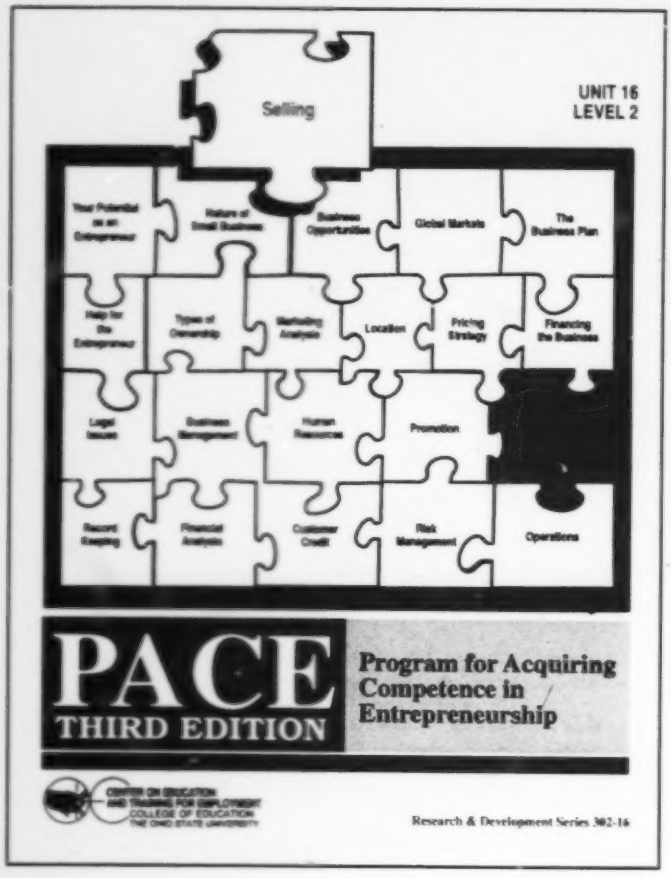
ED 373 232 CE 067 066

TITLE	Selling. Unit 16. Level 2. Instructor Guide. PACE: Program for Acquiring Competence in Entrepreneurship. Third Edition. Research & Development Series No. 302-16.
INSTITUTION	Ohio State Univ., Columbus. Center on Education and Training for Employment.
PUB DATE	94
NOTE	27p.; For the complete set, i.e., 21 units, each done at three levels, see CE 067 029-092. Supported by the International Consortium for Entrepreneurship Education, the Coleman Foundation, and the Center for Entrepreneurial Leadership Inc.
AVAILABLE FROM	Center on Education and Training for Employment, 1900 Kenny Road, Columbus, OH 43210-1090 (order no. RD302-16 IG, instructor guide $4.50; RD302-16 M, student module, $3; student module sets, level 1--RD301M, level 2--RD302M, level 3--RD303M, $45 each; instructor guide sets, level 1--RD301G, level 2--RD302G, level 3--RD303G, $75 each; 3 levels and resource guide, RD300G, $175).
PUB TYPE	Guides - Classroom Use - Teaching Guides (For Teacher) (052) -- Guides - Classroom Use - Instructional Materials (For Learner) (051)
EDRS PRICE	MF01/PC02 Plus Postage.
DESCRIPTORS	*Advertising; Behavioral Objectives; *Business Education; *Competency Based Education; *Entrepreneurship; Learning Activities; *Merchandising; Postsecondary Education; Publicity; Public Relations; *Salesmanship; Secondary Education; Small Businesses; Student Evaluation; Teaching Guides
IDENTIFIERS	*Program for Acquiring Competence Entrepreneurship

ABSTRACT

This instructor guide for a unit on selling in the PACE (Program for Acquiring Competence in Entrepreneurship) curriculum includes the full text of the student module and lesson plans, instructional suggestions, and other teacher resources. The competencies that are incorporated into this module are at Level 2 of learning--planning for a business in one's future. Included in the instructor's guide are the following: unit objectives, guidelines for using PACE, lists of teaching suggestions for each unit objective/subobjective, model assessment responses, and overview of the three levels of the PACE program. The following materials are contained in the student's guide: activities to be completed in preparation for the unit, unit objectives, student reading materials, individual and group learning activities, case study, discussion questions, assessment questions, and references. Among the topics discussed in the unit are the following: the importance of selling, customer buying motives, analysis of product features to determine benefits, steps of the selling process, and different types of customers. (MN)

ED 373 232



INSTRUCTOR GUIDE

Unit 16

Selling

Level 2

HOW TO USE PACE

- Use the objectives as a pretest. If a student is able to meet the objectives, ask him or her to read and respond to the assessment questions in the back of the module.
- Duplicate the glossary from the *Resource Guide* to use as a handout.
- Use the teaching outl ıes provided in the *Instructor Guide* for assistance in focusing your teaching delivery. The left side of each outline page lists objectives with the corresponding headings (margin questions) from the unit. Space is provided for you to add your own suggestions. Try to increase student involvement in as many ways as possible to foster an interactive learning process.
- When your students are ready to do the *Activities*, assist them in selecting those that you feel would be the most beneficial to their growth in entrepreneurship.
- Assess your students on the unit content when they indicate they are ready. You may choose written or verbal assessments according to the situation. Model responses are provided for each module of each unit. While these are suggested responses, others may be equally valid.

Objectives:

- Discuss the importance of selling.
- Describe customer buying motives.
- Analyze product features to determine benefits.
- Explain the steps of the selling process.
- Identify different types of customers.

CE 067 066

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)
☐ This document has been reproduced as received from the person or organization originating it.
☐ Minor changes have been made to improve reproduction quality.
• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

"PERMISSION TO REPRODUCE THIS MATERIAL HAS BEEN GRANTED BY

C Hansen

TO THE EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)."

BEST COPY AVAILABLE

Objectives	Teaching Suggestions
1. DISCUSS THE IMPORTANCE OF SELLING	
What is the importance of selling?	Define selling and have students explain why it is critical for business success. Give the examples of John Henry Patterson (NCR) and Thomas J. Watson (IBM) to illustrate the importance of effective selling strategies.
2. DESCRIBE CUSTOMER BUYING MOTIVES	
What are customer buying motives?	Begin the discussion by asking students why people buy certain products. As students list these reasons, classify them using the concepts of basic and learned needs. Define the concept of *itch cycle* to help students understand the psychology of buying behavior.
What are the factors which affect buying motives?	Divide a chalkboard or transparency into eight sections, labeling each section according to the factors that affect buying motives (culture, subculture, social class, reference groups, family members, roles and status, personal factors, psychological factors). Choose different products to show how these factors influence the buyer's decision to buy that particular product. Include this information in the appropriate section on the chalkboard or overhead. Example: When buying a car, a buyer is influenced by personal factors (family size and needs, age, occupation, financial situation, lifestyle, personality, etc.), psychological factors (the red color fits the buyer's personality and desire), reference groups (the brand was recommended by coworkers, neighbors, church members, etc.) . . .
How does the buyer make a decision to buy?	Use a chalkboard or an overhead to show the five stages of a buying decision (problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior). Create a buying situation to illustrate each of the stages. (Example. The prospect decides to buy the refrigerator because he/she needs it (e.g., the size of his/her family increased). This is the first step—problem recognition . . .
3. ANALYZE PRODUCT FEATURES TO DETERMINE BENEFITS	
How important is product knowledge?	Preparation, by way of product knowledge, is critical to a successful selling process. Illustrate this fact with role plays. Allow one group time to study a selected product, then present its' features and benefits to the class. The second group should attempt to make the presentation "cold" without the benefit of product knowledge.

Objectives	Teaching Suggestions
What is feature/benefit selling?	It is important that the students understand the difference between *selling features* and *selling benefits*. Use a chalkboard or overhead to list various products on one column. Next to the product column, have students complete a second column listing the features, followed by the benefits of each product. Refer to the examples presented in the unit.
4. EXPLAIN THE STEPS OF THE SELLING PROCESS	
What is the difference between retail and industrial selling?	Define retail and industrial selling. Ask students to give example of products which apply to each one.
What types of approaches are there?	Help students understand how industrial selling differs from retail selling. Have students role play retail and industrial selling. To help students role play effectively, choose simple products/services and allow them to determine features and benefits of these products.
What are the steps of the selling process?	Create a chart showing the steps of the selling process. Have students write the information on note cards. Each step should be represented on an individual card and should be accompanied by information explaining the step. It is not important that students memorize the information on the cards. Rather, they should focus on understanding the logic of the steps in the selling process.
What is suggestion selling?	Define suggestive selling and give some examples. Have students give additional examples of both product and service suggestive selling.
5. IDENTIFY DIFFERENT TYPES OF CUSTOMERS	
Are there different types of customers?	Use the chart presented in this unit to identify the six types of customers. Using examples, help students define the profile of each type of customer.

MODEL ASSESSMENT RESPONSES

1. There are two types of selling approaches: (1) industrial approach, and (2) retailing approach.

   The industrial approach is used to sell products/services to businesses rather than individual customers. For example, a salesperson who works for a medical equipment wholesale company is more likely to sell products to hospitals, private medical clinics, research laboratories, etc.

   The retailing approach (or the merchandising approach) is common in retail selling. Salespersons in an apparel or a grocery store sell merchandise directly to the customer.

2. Six kinds of customers types can be identified based on type of personality: (1) browsing, (2) talkative, (3) silent, (4) undecided, (5) decided, and (6) hurried/impatient.

   (1) *The browsing customers* usually will state that they are just looking when approached by a salesperson. They move slowly, finger merchandise, and usually move away when approached. A salesperson should be pleasant with these customers and invite them back to store. (2) *The talkative customer* is friendly, jovial, and likes to talk even about personal matters. He/she will generally hold up other customers. The salesperson should listen, be patient, and bring the discussion back to the topic of merchandise. (3) *Silent customers* are usually unfriendly and not positive in nature. Salespersons should limit dialogue with these customers, watch their actions, demonstrate the merchandise, be patient, and ask questions with "yes" or "no" answers. (4) *Undecided customers* change their minds continually; they are afraid of not getting their money's worth, and will usually go home to "think about it." A salesperson could help these customers to decide by being firm and convincing, looking for signs of interest, and demonstrating a variety of merchandise. (5) *Decided customers* know what they want, are business-like in nature, direct, and ask for specific items. Salespersons should show merchandise quickly, give selling points in a business-like manner, let customers lead discussion, and suggest substitutes very carefully. (6) *Hurried*, nervous customers are quick, abrupt, and nervous. They are impatient and demand quick attention. The salesperson should serve them promptly, show sympathy, be alert, and use caution when suggesting substitutes.

3. Buying motives can be classified in two broad categories: (1) *basic needs* and (2) *secondary needs*.

   Basic needs include the need for food, drink, shelter, comfort, good health, social approval, and security. For example, a pair of gloves have to be warm and comfortable to satisfy a basic need for comfort during cold weather.

   Secondary needs are learned desires such as need for convenience, efficiency, cleanliness, desire for a bargain, and dependability in products/services. The product's style, design, beauty and packaging are also related to learned desires. Durability, reliability and cost of a product are considered rational motives, whereas status, pride, adventure and self-image are emotional motives.

   It is extremely important to identify buyers' motives because buying decisions are determined by both basic and secondary needs. Purchasing decisions are often made as a result of an itch cycle. Knowing the length of various itch cycles and specific buying motives can help a salesperson track, identify as well as understand the buyer's motivation.

   Factors which affect buying motives are culture, social class, reference groups, family members, acquaintances and friends, social role and status, personal factors, as well as psychological factors. The consumers choice is the result of multiple and complex forces related to the environment they live and work in, to their own character, family, friends and acquaintances' personalities and opinions, as well as to changes and transformations which affect the market.

4. It is the responsibility of every salesperson to develop product expertise in order to effectively communicate with customers. Customers ask questions and the salesperson must be able to provide adequate information. This helps the customer make a wise buying decision. In addition, thorough product knowledge keeps the salesperson abreast of continuous changes affecting the product and the market. The more complex and expensive your product, the more knowledgeable the salesperson should be about it.

5. In industrial selling, the process is preceded by prospecting buyers. This includes locating prospects and presale preparation. The first call you make should be product-oriented. You should then follow up with a second call to learn more about the company in order to tailor your product/service more to the company's needs and wants.

   In order to approach the client effectively, the selling session should begin with a cordial handshake and an opening statement. A brief introduction which should feature the benefits of your product/service. This also presents a good opportunity for presenting referrals. Determining the customer's needs is followed by the sales presentation itself. Handling objections is critical because, if handled properly, can lead to a successful close.

   In retail selling, you should begin by greeting the customer, followed with an introductory statement or question about the merchandise of interest. After approaching the customer, you should assess his/her needs. The sales presentation should focus on the product/service's benefits tailored to the customer's needs. You should listen to objections carefully and handle them properly. The close is the point when the order is actually secured.

6. Prospecting is the process of adding new sales contacts to a salesperson's list of customers. Basically, prospecting includes locating and classifying potential buyers. Sources available for finding new prospects include joining organizations, establishing contacts with people who do business with the type of customers you are interested in, getting additional prospects from current customers through referrals, surveying public references, door-to-door and phone solicitations, as well as reviewing directories and trade registers.

PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

Incorporates the needed competencies for creating and operating a small business at three levels of learning, with experiences and outcomes becoming progressively more advanced.

Level 1 — Understanding the creation and operation of a business.

Level 2 — Planning for a business in your future.

Level 3 — Starting and managing your own business.

Self-contained **Student Modules** include: specific objectives, questions supporting the objectives, complete content in form of answers to the questions, case studies, individual activities, group activities, module assessment references. **Instructor Guides** include the full text of each student module and lesson plans, instructional suggestions, and other resources. **PACE, Third Edition, Resource Guide** includes teaching strategies, references, glossary of terms, and a directory of entrepreneurship assistance organizations.

For information on PACE or to order, contact the Publications Department at the
Center on Education and Training for Employment, 1900 Kenny Road, Columbus, Ohio 43210-1090
(614) 292-4353, (800) 848-4815.

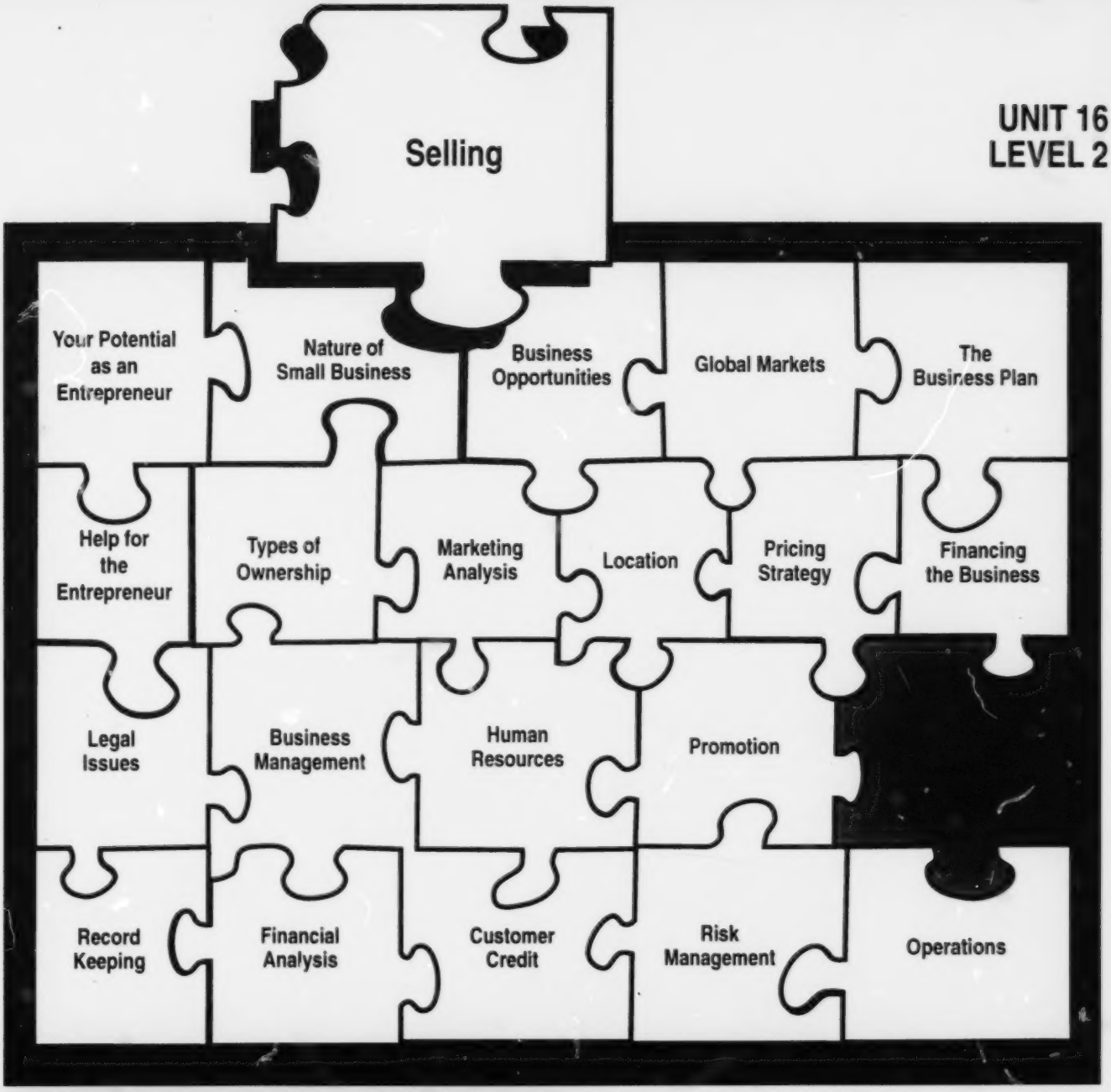
Support for **PACE, Third Edition** provided in whole or in part by:

International Consortium for Entrepreneurship Education
and
International Enterprise Academy
Center on Education and Training for Employment
The Ohio State University

The Coleman Foundation

Center for Entrepreneurial Leadership Inc.
Ewing Marion Kauffman Foundation

UNIT 16
LEVEL 2



PACE
THIRD EDITION

Program for Acquiring Competence in Entrepreneurship

CENTER ON EDUCATION AND TRAINING FOR EMPLOYMENT
COLLEGE OF EDUCATION
THE OHIO STATE UNIVERSITY

Research & Development Series 302-16

SELLING

BEFORE YOU BEGIN . . .

1. Consult the *Resource Guide* for instructions if this is your first PACE unit.

2. Read What are the Objectives for this Unit on the following page. If you think you can meet these objectives now, consult your instructor.

3. These objectives were met in Level 1:

   - Discuss the concept of selling.
   - Examine the role of selling in small business.
   - Describe the selling process.
   - Identify the characteristics of a successful salesperson.

4. Look for these business terms as you read this unit. If you need help with the meanings, ask your instructor for a copy of the PACE Glossary contained in the *Resource Guide*.

Adoption process
Demand creation
Industrial approach
Itch cycle
Needs
Product knowledge
Reference group
Retail
Retailing approach
Wants
Wholesale

SELLING

WHAT ARE THE OBJECTIVES FOR THIS UNIT?

Upon completion of this unit you will be able to—

- discuss the importance of selling,
- describe customer buying motives,
- analyze product features to determine benefits,
- explain the steps of the selling process, and
- identify different types of customers.

WHAT IS THIS UNIT ABOUT?

Selling, the effort to influence and convince others is as old as the world itself. Virtually all of us engage in the art of persuasion every day and throughout our lives. A free enterprise system involves and requires an intricate and dynamic marketing process. This creates the *demand* for the wide range of *goods and services* that are made available by high levels of productivity.

The sales function, although indispensable, is a costly one. The costs of hiring, training, retraining, and supporting an active, creative, sales team are high. To put these costs into perspective, think of selling as *demand creation*. Increasing the demand for the product or service will expand the scale of the business operation. This expansion actually reduces the *per unit costs*. This is achieved by spreading the overhead (costs related to production) over the greater number of units produced.

The modern salesperson has shed much of the unfavorable image that is attached to the profession of selling. Today's professional knows the value of empathy, product knowledge, and service after the sale. These factors, and of course, a quality product, are the keys to successful selling.

WHAT IS THE IMPORTANCE OF SELLING?

Modern selling techniques were refined by John Henry Patterson, widely regarded as the father of modern sales technique. His

company, the National Cash Register Company (NCR), printed and distributed to the sales staff a "Sales Primer" that outlined the selling process. One of the young men trained by Patterson was Thomas J. Watson who later founded a little company based on the importance of a process approach to selling. The little company he founded was International Business Machines (IBM).

It has been said that nothing really happens in a business until someone makes a sale. Because of this, good selling techniques are vital to the welfare of the small business. Good selling techniques in business are hard to find today. This is particularly true in the large multi-unit businesses that have increasingly stressed self-service at the expense of good personal selling.

The de-emphasis of personal selling by large scale businesses leaves a gap in customer service that the small business owner is in a good position to fill. By emphasizing good personal selling the small business can gain a competitive edge not easily matched by the bigger organizations. However, good personal selling, does not automatically occur simply because the business is small. Nor does high quality personal selling result merely by paying sales people more money. Rather, good personal selling results from a carefully developed program that accounts for the major elements necessary in all successful selling programs.

Selling is the matching of the customer's needs with the product or service. In general, the more skillfully this match is made the more effective the selling process. Thus, a profitable, long-term relationship can be established. The small business owner who works at building a good personal selling effort will develop a valuable competitive edge over competitors.

WHAT ARE CUSTOMER BUYING MOTIVES?

Motivation has a great deal to do with whether or not a customer buys. *Buying motives* are the needs, desires, and impulses that convince a customer to purchase a particular product or service from a particular business. Buying motives may explain why customers buy certain products or services and how they choose between vendors.

People have certain *basic needs* that affect their buying decisions. Food, drink, shelter, and comfort are basic needs. Other basic needs are good health and security for ourselves and our loved-ones.

In addition to basic needs, there are *learned wants* that are acquired as people mature. These motives are largely a result of our surroundings or environment. The successful salesperson does not underestimate the influence that these motives can have upon a customer's buying decision.

Some of the learned wants are convenience, efficiency, and dependability in the goods and services they buy. In addition, people like bargains. They like good product construction, style, and beauty. Some customers are also motivated by their curiosity about the product—they want to know what makes the product "tick."

The psychology of why people buy is very complicated. When most people buy a product or service, they are attempting to satisfy

more than one need or want. However, they may not be aware of their buying motives. You can learn more about their motives, if you are observant. Start by analyzing your own buying motives. Learning how to appeal to basic and learned buying motives can help you sell more successfully. The effective salesperson is able to determine and capitalize on buying motives.

Identifying customers' buying motives is an important issue to people in sales. Many believe that buying decisions are influenced by basic need and secondary wants. Also, the strength of the basic need or secondary want is influenced by the customer's thinking at the time of the sale. In other words, is the customer thinking rationally or emotionally? Buying motives are the *reasons* people purchase a particular product or service.

In many cases, the reason a purchase is made is because the customer has entered what is known as an *itch cycle*. Every product and service has its own *itch cycle*. For instance, the average itch cycle for an automobile is around five years, clothing reenters the cycle after only a year. An alert salesperson will track these "cycles" and follow-up accordingly.

An effective salesperson should be able to identify and understand the motives behind a customer's interest in a product and adjust the sales presentation to appeal to that need. Remember, no two customers are alike and their reasons for purchasing particular products usually differ. Purchases are made to satisfy wants and needs. Customers may purchase items for the same or for completely different reasons.

Small businesses keep in touch with their customers' needs and wants through daily personal contact. But, as firms and markets grow in size, many businesses lose direct contact with their customers. Larger businesses must aggressively seek out customer opinion through customer research. Consumer purchases are strongly influenced by cultural, social, personal, and psychological characteristics. These factors can not be controlled by the small business owner. Instead the small business owner must modify their product or service line to take into account shifts in these areas.

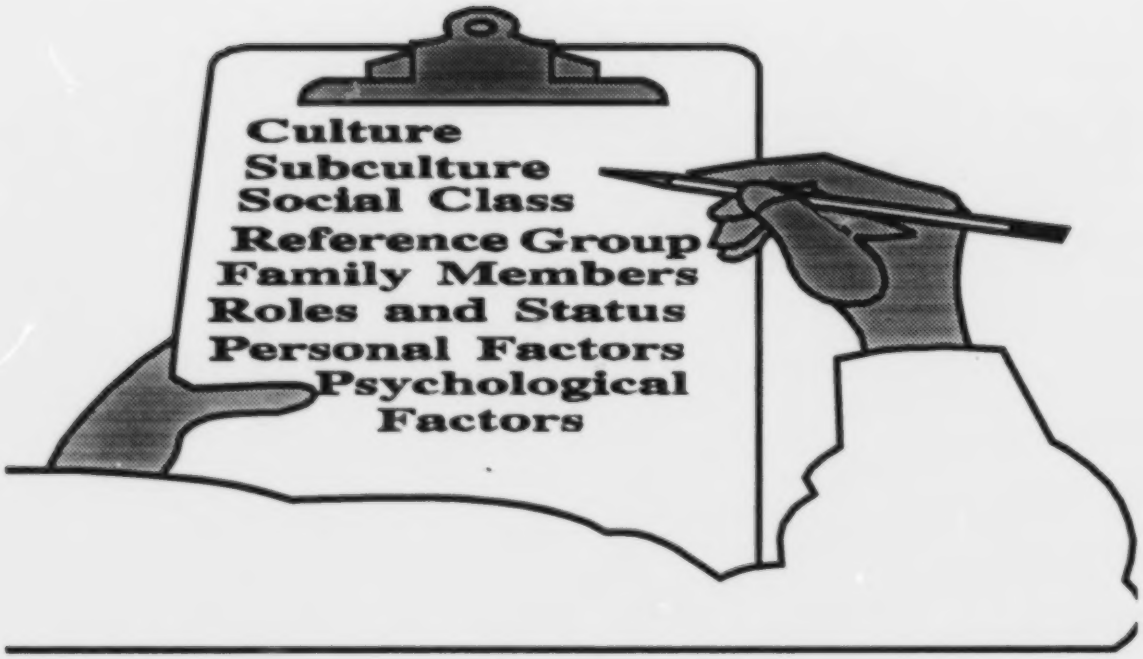
WHAT ARE THE FACTORS WHICH AFFECT BUYING MOTIVES?

There are a number of factors that combine to affect the customer's decision to buy. Here are some examples:

Culture. This is the most prevailing cause of a person's wants and behavior. Human behavior is largely learned and our desires for a product or service will be based on where we live as we are developing our customer behavior.

Subculture. Each culture contains smaller subcultures or groups of people with shared value systems based on common life experiences and situations. Subcultures can be defined in terms of nationality, religions, races and geographical areas.

Social Class. Almost every society has some form of social class structure. These are relatively permanent and structured divisions in a society. Class members share similar values, interests and behaviors. Social class is usually not indicated by a



single factor such as income, but is measured as a combination of occupation, income, education, wealth, and other variables.

Reference Groups. Behavior is influenced by many reference groups. These are groups that have a direct (face-to-face) or indirect influences on the person's attitudes or behavior.

Family members. A person's family can be a strong influence on his or her behavior. The family is the most important consumer-buying organization in society, and it has been researched extensively.

Roles and Status. People belong to many groups—family, clubs, organizations. The person's position in each group can be defined in terms of role and status. One can play the role of daughter in one group, role of a wife in another, and the role of bank manager in another group. Each role carries a status reflecting the general esteem given to it by society.

Personal Factors. The buying decision is also influenced by personal characteristics such as the buyer's age and life-cycle stage, occupation, economic situation, lifestyle, personality, and self-concept.

Psychological Factors. A person's buying choices are also influenced by four major psychological factors:

- Motivation—the reason people buy
- Perception—a buyer's personal feelings about a product

- Learning—a perception can be changed by educating the buyer

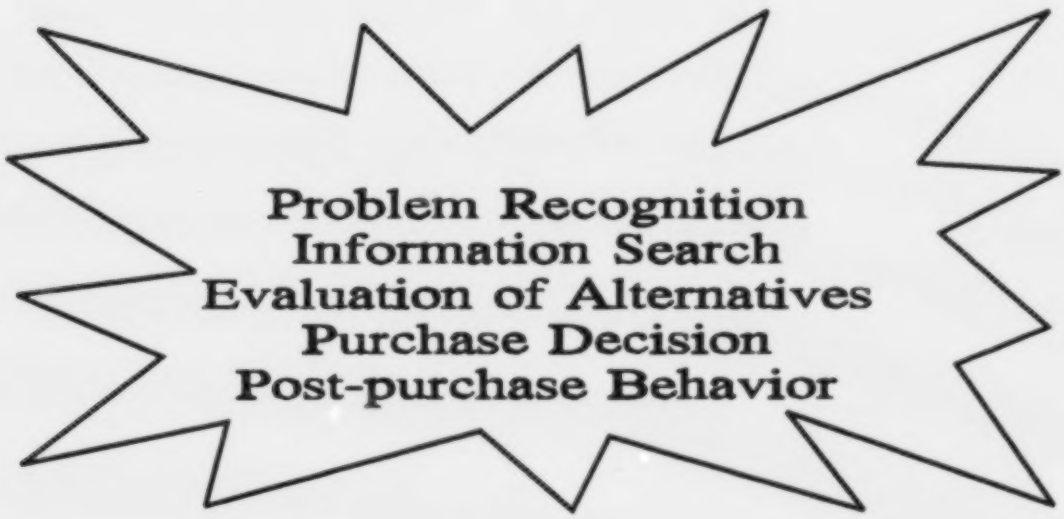
- Beliefs/attitudes—a salesperson hopes to influence this factor positively

We can now appreciate the many individual characteristics and forces acting on consumer behavior. The consumer's choice is the result of a complex interplay of cultural, social, personal, and psychological factors. Many of these factors cannot be influenced by marketers. However, they are useful in helping the marketer identify the buyers who may be more interested in the product.

sions. The buying decision consists of five stages: *problem recognition, information search, evaluation of alternatives, purchase decision*, and *post-purchase behavior*.

It is also important to consider how buyers approach the purchase of new products or services. The new product may have been around for a while, but the consumer may have just learned about product. So, for the consumer it is a new product, and they must make an adoption decision.

The *adoption process* is the mental process through which an individual passes from first hearing about an innovation to final adoption. Adoption is the decision by an individual to become a regular user of the product. This process consists of awareness, generating interest, evaluation, trial and adoption.



HOW DOES THE BUYER MAKE A DECISION TO BUY?

Now that we have looked at all the influences that affect buyers, we are ready to look at how consumers make buying deci-

8

HOW IMPORTANT IS PRODUCT KNOWLEDGE?

It is extremely important that a salesperson be thoroughly acquainted with the product or service he or she is representing. Without being armed with this knowledge, it is impossible to determine the ultimate *benefit* to the consumer. It is the job of the salesperson to give customers the product information they need to make wise buying decisions.

Before contacting customer, the salesperson should review product information and application. In certain situations, it is necessary or useful to know everything about the merchandise that is for sale. For example, if you are selling items in a hardware store or grocery store, a general knowledge of the products and where they are kept is probably sufficient.

Having product/service knowledge is becoming more essential because products and services are becoming more complex, and the competition stiffer. Consumers are better educated and therefore more demanding. Successful salespeople know their merchandise thoroughly before they make a sales presentation. When selling expensive, technically complicated products, a complete and thorough knowledge is invaluable. For example, a retailer who sells farm tractors should be knowledgeable about the features and operation of the tractor. Then the retailer can help to compare one model to another.

WHAT IS FEATURE/ BENEFIT SELLING?

The effective salesperson knows that customers don't buy "things;" they buy services and products that they believe will satisfy their needs and wants. The customer has to believe in what he or she purchases. The salesperson will therefore try to sell the customer product benefits (such as happiness and self-respect), in addition to the product features. For example, the successful salesperson—

- sells neat appearance and attractiveness while selling clothing.
- sells foot comfort and style along with shoes.
- sells rooms that have beauty, comfort, and newness while selling furniture.
- sells pleasant hours and knowledge while selling books.
- sells happiness when selling toys to children.
- sells the satisfaction and profit of making your own things while selling tools.
- sells the low cost per mile and freedom from worry that comes with good quality tires.

It is a common error for salespeople to spend too much time emphasizing the *features* of a product or service when it is

really the *benefits* they receive that is important to the customer. Figure 1 illustrates some examples of the features *of* an automobile, versus the benefit *to* the consumer.

FEATURE	BENEFIT
Acrylic paint	Will maintain its "like new" look
Adjustable lumbar support	Driving comfort maintained over long period
16 valve engine	Power and response on demand

Figure 1

The art of selling is about determining and filling needs of the consumer. The trick is in knowing the prospects and what motivates them. Sales presentations, whether for cars, life insurance, or any services, should be planned around the perceived benefits to the buyer. People would rather be motivated to buy on their own initiative than be pressured to buy. This requires a skilled presentation tailored to excite *that particular* prospect.

WHAT IS THE DIFFERENCE BETWEEN RETAIL AND INDUSTRIAL SELLING?

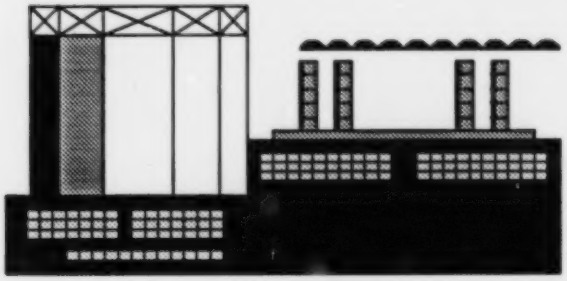
Manufacturers and small businesses that sell to industrial users must possess a thorough technical knowledge of the product being sold. Because the product must fit the exact specification of the user, the information needed is more detailed than in most retail selling situations. There is much more preplanning done in industrial selling than in retail. In most industrial selling situations the buyer and his or her needs are known prior to the sales presentation. This is usually not the case in retail selling where often the customer simply walks in off the street.

WHAT TYPES OF APPROACHES ARE THERE?

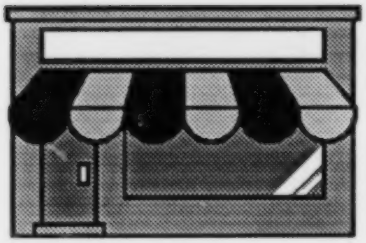
Industrial approach

The *industrial approach* is used in selling to businesses as opposed to individuals. A handshake combined with a friendly greeting is a common practice in this approach. If you know the person well, greeting him or her by name adds a personal touch. Then an opening statement of a somewhat general nature is made. This type of statement "breaks the ice" and provides a transition to the sales presentation. The presentation should begin by offering creative thoughts about your company and its ability to deliver on its promises. This is a good time to present referrals from other satisfied customers. By keeping well informed and in tune with the business world you will have pertinent ideas and information that may be offered in an opening statement. This kind of information is prepared as part of the preplanning.

Industrial



Retail



Selecting the best industrial approach will depend on how well you have researched the prospective buyer and his or her needs. On a first call, your approach should be product-oriented. When you call the second time, you will know more about the company and can use that information to tailor the presentation to those specific needs and desires.

Retailing approach

The *merchandise approach* is more commonly used in retail selling. In this approach, you begin by making a statement or asking a question about the merchandise that seems to be of interest to the customer. This links the customer's attention to the features and benefits of the product. For example:

Salesperson: (Approaching a customer looking at a sweater)

"Were you aware that this sweater is 80 percent wool and 20 percent dacron. It is wrinkle-free and the wool provides great warmth while still being washable."

Customer:

"Washable? No ironing? Great! What colors do you have in my size?"

As you can see, the approaches to the selling process differ somewhat from industrial to retail. Some of the general steps in the selling process also differ and will be noted in the following section.

WHAT ARE THE STEPS OF THE SELLING PROCESS?

The pathway of each sales process is similar in many ways, although totally and uniquely different in others. This uniqueness is why "canned presentations" rarely work well. The path's curves and distances always vary with the customer's—

- mental agility,
- flexibility and pace of the industry,

- job knowledge,
- experience and confidence,
- need for the product or service,
- the complexity of the product or service, and/or
- moods and attitudes at the time they engage the salesperson.

Likewise the path varies with the salesperson's abilities, training, knowledge and moods. Following are the steps of the sales presentation. Keep in mind that this is a *general* order and not meant as a step-by-step procedure.

Locating the Prospects

Prospecting is the process of locating and classifying potential buyers of a product. The first phase of prospecting is obtaining *leads* on potential customers. A lead is the name of any individual or organization that may be a potential customer. Leads can be generated in several ways, ranging from phone solicitation to expensive trade shows. Many excellent prospects have been referred by clients of the business. If it is determined that the individual may be a potential customer, who can afford the product or service, who has the authority to buy, then he or she is classified as a true prospect.

Presale Preparation

Before contacting a prospect, the salesperson should be well versed in the techniques of selling, and have a thorough knowledge about the products being sold. They should also have some insight into the nature of the prospect. In addition, successful salespeople are highly motivated to accumulate facts that will be helpful when they approach prospects.

These first two steps apply only to industrial-type sales presentations. The following steps apply to most industrial **and** retail selling.

Approaching the Customer/buyer

This is a critical step in the selling process. The customer's first impression of the business or salesperson can make or break the sale. If the contact has been made through a referral, a smooth introduction might be made by the satisfied customer. In the retail selling situation, the customer has chosen the store. It is the salesperson's responsibility to confirm that choice by delivering a positive greeting.

Determine Customer's Needs

This is an important step in both industrial and retail selling. In retail, the simple question "What may we help you with today?" may serve the purpose. In industrial selling the *needs determination* can be much more involved. In order to know what product or service will best suit the customer's needs it is necessary to have a good working knowledge of the business or industry itself. The more a salesperson knows about the prospective buyer's business, the more likely they will make the sale.

The Sales Presentation

Armed with information, the salesperson is ready to make contact with the customer. First, attention must be gained. The simplest

and most frequently used technique is to shake hands and introduce oneself. Many salespeople will follow with a question about the customer's product or service need.

Handling Objections

Often a prospect will raise objections during the sales presentation. Such objections show where there's a mismatch between what is wanted and what is offered. This provides a chance for the salesperson to bring out additional benefits or reemphasize product features that are important to the buyer. Before an objection can be overcome, it must be understood.

The Close

The focal point of the sales presentation is the close, the point when the order is actually secured. It's not easy to make a close, and many salespeople have difficulty with this step. Among the techniques used are the following:

- **Closing on a minor point:** "Would you like leather or velvet interior in the car?"
- **Offering special incentives:** "If you buy today, you will get a portable television free with your purchase."
- **Asking for the order:** "If we've answered all your questions about this mattress, can we go forward with the paperwork."
- **After-the-sale activities:** Like all marketing tasks, the job of the salesperson is not complete when the sale is made. Follow-up activities are needed to ensure that the customer is completely satisfied. Checking back with the buyer gains good will for both the salesperson and the business. The follow-up can be instrumental in creating a lasting relationship that increases the likelihood of repeat sales.

The above steps represent what is known as *formula selling*. Whether this type of salesperson-oriented approach or a more buyer-centered *counselor approach* is used, the *empathy* that salespeople have for a customer's needs and point-of-view will most often determine the level of success.

WHAT IS SUGGESTION SELLING?

Once the initial sale has been closed, revenues can be increased by suggestion selling. Suggestion selling is appropriate for both industrial and retail settings.

Suggestion selling occurs when the salesperson motivates the customer to buy by suggesting accessory or additional items. The classic example of this is in fast-food "Would you like fries and a drink with that today?" Customer's often welcome suggestions because it saves them time, effort, and often a return trip to the store. The store or company's image is also enhanced because the customer perceives that there is an interest in serving them.

ARE THERE DIFFERENT TYPES OF CUSTOMERS?

The information in Table 1 will help you work with your customers. The table shows customers by personality type. The customer types in the table are good generalizations. However, all customers are different and should be treated as individuals. Customers may also switch from being one personality type to another personality type in a short period of time. Your effectiveness as a professional salesperson will be greatly increased by your ability to understand the major customer personality types.

Although it *is* of some value to know about these different types of customers, it is more important to know specific characteristics about specific prospects. This will help the salesperson to customize the sales presentation to accentuate the benefits of the product or service that are most important to the sales prospect.

TABLE 1
GUIDELINES FOR WORKING WITH CUSTOMERS

Type of Customer	How to Recognize	How to Handle
Browsing (casual customers)	1. Say they are just looking. 2. Move slowly and finger merchandise. 3. Often move away when approached.	1. Be pleasant and welcome to look. 2. Don't pressure. 3. Invite back to store, even if the customers don't buy.
Talkative (friendly) customers	1. Are friendly, jovial. 2. Like to talk and gossip. 3. Apt to discuss personal matters. 4. Will hold up other customers.	1. Listen 2. Don't become personal. 3. Don't gossip. 4. Bring back to topic of merchandise. 5. Don't get impatient.
Silent (unfriendly) customers	1. Are not positive in nature. 2. Are not enthusiastic. 3. Talk very little.	1. Don't talk too much. 2. Watch their actions. 3. Demonstrate merchandise. 4. Give selling points slowly. 5. Be patient. 6. Ask questions with a "yes" or "no" answer.
Undecided customers	1. Continually change their minds. 2. Are afraid of not getting their money's worth. 3. Often will go home to think about it.	1. Help customers decide. 2. Be firm and convincing. 3. Show variety of merchandise, one item at a time. 4. Look for signs of interest.
Decided (deliberate/positive) customers	1. Know what they want, 2. Are business like in nature. 3. Are direct in manner. 4. Ask for specific items.	1. Show merchandise quickly. 2. Give selling points in direct, business-like manner. 3. Let customers do the talking. 4. Use caution in suggesting substitutes.
Hurried, nervous, impatient customers	1. Quick and abrupt. 2. Act nervous. 3. Demand attention quickly. 4. Often talk fast and loud.	1. Serve promptly. 2. Sympathize with their problems. 3. Be alert—act quickly. 4. Use caution in suggesting substitutes. 5. Cover steps of a sale as soon as possible.

ACTIVITIES

The following activities are designed to help you apply what you have learned in this unit.

INDIVIDUAL ACTIVITIES

A.

Interview a salesperson. Be sure to ask him or her about the steps he or she includes in a sales presentation, and how he or she determines what motivates a prospect. Make notes including details about the type of selling your interviewee is involved in. Be prepared to report to the class on your findings.

B.

Make a list of why people buy what they buy. The list should contain both personal as well as practical reasons. Also, because people buy benefits not features, list at least ten products followed by several *features and benefits* of each. Look at Figure 1 and set up your paper in the same fashion.

GROUP ACTIVITIES

A.

Work in teams of four to six. Combine the lists of buying motives from the *Individual Activity* above into a central list. It will also be necessary to select a particular product at this point (example: an automobile). From this list choose the five that the group agrees are the most common, or most compelling motivators. When this is accomplished the class should reconvene. A spokesperson from each group will report to the class. Then the instructor should facilitate a discussion.

B.

Work in teams of four to six. In each of the following cases the central characters have a buying motive. As a group, identify the buying motive. Create a detailed scenario that supports the probable or possible buying motives. Appoint a recorder for each team to write down the responses of the group.

1. David Hill, a husband and father of four, buys a one-acre lake lot at Apple Valley.
2. John Devers, a corporate attorney, purchases an antique mahogany desk.
3. Angela Liberty, a single parent raising two children, enrolls in an adult continuing education data-entry class.
4. Mr. Jones, a traveling salesperson, purchases an electric automobile.
5. Mrs. DeWitt purchases a set of golf clubs for her daughter.
6. Ms. Barnes, who is 2 years from retiring from teaching in public schools, purchases a "Learn French While You Sleep" set of cassette tapes.
7. Stephen Tyler purchases a new roof for his house.
8. Jon Stams purchases a Mercedes Benz sports car.

16

CASE STUDY

Jane Hudson, a single parent of two, had recently purchased a brick duplex apartment. The property had been allowed to fall into disrepair and much of the land was overgrown and in need of clearing. Jane took her pruning shears and a rake and got to work. After a short time it became apparent that these tools wouldn't be up to the job. Jane headed for the local lawn and garden store and asked to look at chain saws. The salesperson who greeted her immediately asked, "Is this a gift for your husband?." Without paying attention to her answer the salesperson began outlining the features of the most expensive power saw in the store. This particular saw weighed nearly 30 pounds and required a pull-start. After 15 minutes of being told about the many features of the chain saw, Jane left. She was more confused than when she entered the store.

Undaunted, Jane went to a competing lawn and garden store across town. Here she was pleasantly greeted by the salesperson with "Good morning ma'am, how can we help you today?". Jane responded, "I'd like to look at some chain saws." The salesperson responded, "It would be my pleasure. Perhaps I could help you better, if you could tell me more about what you need to do, and who's going to do it." Jane explained about her task and was surprised to hear the salesperson say, "Well ma'am, a chain saw surely would clear away that light debris. But, since you will be doing this job alone, it's probably not practical. We carry another product that will probably do the trick. Maybe we can save you a lot of money, and still get the job done. This *No Worries Weed-Wakker* is a fine product. It is heavy-duty yet light-weight, so you will be able to maneuver it safely and effectively. Unlike most chain saws, the *Wakker* also features an electric starter and kill-switch. At flip of a switch you'll be ready to go or stop." The salesperson hands Jane the unit and states, "Why don't you take a moment to look the product over. I'll be back in a couple of minutes to answer any of your questions."

DISCUSSION QUESTIONS

1. What was Jane's buying motive?
2. What mistake(s) did the first salesperson make?
3. How did the second salesperson translate the features of their product to benefits to the buyer?
4. What impressed you the most about the second salesperson?
5. Do you think Jane will buy the *Wakker*?

ASSESSMENT

Read the following questions to check your knowledge of the topics presented in this unit. When you feel prepared, ask your instructor to assess your competency on them.

1. Define the two types of selling. Give an example of each type.

2. Name different types of customers based on types of personalities. Describe each type and provide some suggestions on how a salesperson might successfully handle each type.

3. Discuss the reasons why people buy products or service. Discuss the factors that affect their buying decisions.

4. Discuss why it is important for a salesperson to possess complete knowledge about the products or services he/she sells.

5. List and discuss the steps of the selling process.

6. Define prospecting. What are some of the sources available for finding new prospects?

REFERENCES

Bolen, W. *Creative Selling: The Competitive Edge.* Fort Worth, TX: U.S. Small Business Administration Management Assistance Office, Support Services Branch, Government Printing Office, 1988.

Cohen, W. *Selling by Mail Order.* Fort Worth, TX: Small Business Administration, U.S. Government Printing Office, 1988.

Evans, J., and Berman, B. *Marketing*, 3rd edition. New York, NY: Macmillan Publishing Company, 1987.

Futrell, C. *ABC's of Selling.* Homewood, IL: Irwin, 1989.

Hersey, P. *Selling, A Behavioral Science Approach.* Englewood Cliffs, NJ: Prentice-Hall, 1988.

Jackson, D., et al. *Selling: The Personal Force in Marketing.* New York, NY: Wiley and Sons, 1988.

Kolter, P., and Armstrong, G. *Marketing, An Introduction.* Englewood Cliffs, NJ: Prentice-Hall, Inc., 1987.

Kurtz, D., and Dodge, R. *Fundamentals of Selling.* Homewood, IL: Irwin, 1989.

Maslow, A. H. *Motivation and Personality*, 3rd edition. New York, NY: Harper Collins Publishers, 1987.

Pride, W., and Farrell, O. *Marketing Concepts and Strategies.* Boston, MA: Houghton Mifflin Company, 1989.

Ramdo, M. *Maintaining an Effective Customer Orientation.* Cincinnati, OH: MCR, Inc., 1989.

Schewe, C. *Marketing Principles and Strategies.* New York, NY: Random House Publishing, 1987.

Small Business Success. *Building a Successful Sales Team.* San Francisco, CA: Pacific Bell, A Pacific Telesis Company, 1991.

PACE

Unit 1. Your Potential as An Entrepreneur
Unit 2. The Nature of the Small Business
Unit 3. Business Opportunities
Unit 4. Global Markets
Unit 5. The Business Plan
Unit 6. Help for the Entrepreneur
Unit 7. Types of Ownership
Unit 8. Marketing Analysis
Unit 9. Location
Unit 10. Pricing Strategy
Unit 11. Financing the Business
Unit 12. Legal Issues
Unit 13. Business Management
Unit 14. Human Resources
Unit 15. Promotion
⇨ Unit 16. Selling
Unit 17. Record Keeping
Unit 18. Financial Analysis
Unit 19. Customer Credit
Unit 20. Risk Management
Unit 21. Operations
Resource Guide
Instructor's Guide

Units on the above entrepreneurship topics are available at the following levels:

* Level 1 helps you understand the creation and operation of a business
* Level 2 prepares you to plan for a business in your future
* Level 3 guides you in starting and managing your own business